

## SEARS HOLDINGS CORPORATION

June 1, 2018

**CERTIFIED MAIL/**  
**RETURN RECEIPT REQUESTED**  
# 7016 2070 0000 0797 8831

Commercial Centers Management  
PO Box 362983  
San Juan, PR 00936

Via Email: [balvarez@ccmpr.com](mailto:balvarez@ccmpr.com)

Re: Sears 1915  
Location: Bayamon, PR  
Date of Loss: 9/21/2017  
Type of Loss: Hurricane Maria / Wind

Dear Ms. Alvarez,

This letter is a follow up to our earlier letter dated October 26, 2017 (copy attached).

We previously received notification on October 23, 2017 of the Landlord's inquiry for insurance proceeds to be placed into a special account for Sears 1915 Bayamon, PR in the name of the Landlord. Per Section 6.04 of the Lease, the Tenant is required to restore or rebuild the building due to damage or destruction. Upon review we see no requirement for the Tenant's Parent Corporation (Sears Holdings Corporation) to set up a special account in the Landlord's name with insurance proceeds if the Parent Corporation is the building insurer. Sears Holdings Corporation is the Parent Corporation of the Tenant, Sears, Roebuck De Puerto Rico, Inc., and insures the building. As such, Sears Holdings will continue to repair the building but no special account will be set up to fund these repairs.

Per the Lease Agreement entered September 6<sup>th</sup>, 1965, Section 6.04,

If the Tenant's Parents Corporation is the insurer of the buildings on the Demised Premises against loss from fire or other casualty, then upon the damage or destruction of such buildings, Tenant shall promptly proceed to repair the damage or to restore or rebuild, in accordance with Section 6.03, Subsection (a) and Subsection (b), paragraphs (1) and (2) hereof, and Tenant shall promptly furnish to Landlord the written undertaking of its Parent Corporation to provide all monies which shall be required to complete the repair or reconstruction work.

Section 6.04 makes no reference or requirement to Subsection (3) of Section 6.03 requiring a special account to fund repairs.

This letter will serve as written confirmation that Parent Corporation, Sears Holdings Corporation, will provide all monies required to restore and rebuild the Sears store building as required by Section 6.04 of the Lease. Should the Landlord care to discuss these requirements please feel free to call.

As stated in our prior letter, Sears is currently in the process of completing permanent building repairs to Sears 1915 Bayamon, PR. Attached is the latest status of those repairs. For any questions involving the date of completion and other specifics please contact the Sears Project Manager, Barry Brunson. His cell phone # is (817) 689-3108.

Please contact me should you have any questions.

Sincerely,



Michael Lodi  
Manager, Property Claims  
Sears Holdings Corporation  
3333 Beverly Road E3-237B; Hoffman Estates, IL 60179  
Office: 847-286-2603 Email:Michael.Lodi@searshc.com

## SEARS HOLDINGS CORPORATION

October 26, 2017

**CERTIFIED MAIL/**  
**RETURN RECEIPT REQUESTED**  
# 7016 2070 0000 0797 8220

Commercial Centers Management  
PO Box 362983  
San Juan, PR 00936

Via Email: [balvarez@ccmpr.com](mailto:balvarez@ccmpr.com)

Re: Sears 1915  
Location: Bayamon, PR  
Date of Loss: 9/21/2017  
Type of Loss: Hurricane Maria / Wind

Dear Ms. Alvarez,

This letter is in response to your letter dated October 23, 2017 (copy enclosed).

As you are aware, the Sears building sustained extensive damage from Hurricane Maria. Northstar Recovery Services was contacted for emergency cleanup and dry-out to mitigate building damages and protect the building from further damage. Sears is currently in the process of obtaining permanent building repair proposals. Sears intends to repair the building on an expedited basis as material and labor are available. Nevertheless, it may take months for repairs to be completed and the store to open.

We agree the Lease Agreement dated September 6<sup>th</sup>, 1965, requires the Tenant to repair the building for damage or destruction by fire or other insured casualty. Sears has an insurance claim for this loss but it will take some time for insurance proceeds to be received to this loss. Please let us know what account the Landlord would like the insurance proceeds to be deposited to for building repair. Once the insurance payment is received arrangements will be made for it to be deposited with an agreed bank.

Sears District Facility Manager, Luis Almanza, is the point of contact to discuss on-site permanent building repairs, inspection and provide access to the premises. His cell phone number is (305) 725-0523.

Please let us know if there is anything further at this time. As information on the cost of repairs becomes available we will advise further.

Sincerely,



Michael Lodi  
Property Analyst – Risk Management  
Sears Holdings Corporation  
3333 Beverly Road E3-272A; Hoffman Estates, IL 60179  
Office: 847-286-2603 Email: Michael.Lodi@searshc.com

STORE #	TYPE	LOCATION	Project MGR	Status
1915	FLS	BAYAMON, PR	BARRY BRUNSON 817 689 3108 847 254 1915	No Change Permit Plans have been processed. District supplied, Sales Support and Office plan, complete and transmitted waiting on Planning for revised Merchandise and Sales Support Plans. Store Hazardous Materials Abatement starts 4/16/2018. Store will be abated in Quadrants per floor starting on the 2nd Floor Stock Area. Please be aware of Hazardous Materials Warning signs that will be posted in the building in the areas work is being completed. Exterior Design for Building upper level Design and Repairs request have been sent to Architect for Research and Implementation into the Permit Drawings. Sandra Pechan sent a Request for Information to the District Team for Licensed Business, Cash wrap Placement and Sale Support information. This information is needed to send correct plans to the Architect.

Status	Status
5/11/2018	5/18/2018

No Change.

No Change Permit Plans have been processed. District supplied, Sales Support and Office plan, complete and transmitted waiting on Planning for revised Merchandise and Sales Support Plans. Store Hazardous Materials Abatement starts 4/16/2018. Store will be abated in Quadrants per floor starting on the 2nd Floor Stock Area. Please be aware of Hazardous Materials Warning signs that will be posted in the building in the areas work is being completed. Exterior Design for Building upper level Design and Repairs request have been sent to Architect for Research and Implementation into the Permit Drawings. Sandra Pechan sent a Request for Information to the District Team for Licensed Business, Cash wrap Placement and Sale Support information. This information is needed to send correct plans to the Architect.